

**MINUTES**  
**SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY**  
**BOARD OF COMMISSIONER'S MEETING**  
**SHERATON SIOUX FALLS & CONVENTION CENTER**  
**August 1, 2018**

**Board Members Present:** David Pummel Chairman  
Brent Dykstra, Vice-Chair  
Bill Hansen, Treasurer  
Scott Erickson, Commissioner  
Rick Hohn, Commissioner  
Mark Puetz, Commissioner

**Board Members Absent:** Steve Kolbeck, Commissioner

**Staff Present:** Mark Lauseng, Executive Director  
Todd Hight, Director of Finance and Administration  
Brent Adney, Director of Homeownership Programs  
Tasha Jones, Director of Rental Housing Management  
Lorraine Polak, Director of Rental Housing Development  
Amanda Weisgram, Director of Marketing and Research  
Mike Harsma, Director of Single Family Development  
Mary Stewart, HERO State Coordinator  
Sheila Ricketts, Marketing/Executive Assistant  
Doug Mahowald, Network Administrator  
Chas Olson, Housing Development Officer (via telephone)

**Guests Present:** Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA  
Tom Caine, Caine Mitter & Associates  
Patricia Ho, Caine Mitter & Associates  
Bailey Carlson, Office of the Governor  
Joan Franken, Costello Companies  
Randy Reese, Costello Companies  
Matt McCollum, Black Hills Federal Credit Union  
Candice Menke, Black Hills Federal Credit Union  
Eric Anderson, Black Hills Federal Credit Union

**I. CALL TO ORDER/CONFLICTS OF INTEREST**

The meeting was called to order at 12:00 p.m. and roll was called. In accordance with SDCL 3-23-3.1, Commissioners Puetz and Hansen disclosed permissible conflicts of interest for which authorization by the SDHDA Board of Commissioners is not required. The Annual Disclosure Forms with respect to the disclosed conflicts are attached to these minutes.

## **II. APPROVAL OF AGENDA**

It was moved by Commissioner Puetz and seconded by Commissioner Dykstra that the Agenda be adopted as presented, but reserving the right to make further changes during the meeting.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

## **III. APPROVAL OF MINUTES**

It was moved by Commissioner Dykstra and seconded by Commissioner Hansen that the Minutes of the Board of Commissioners' Meeting held on July 29, 2018, be adopted as presented.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

## **IV. TREASURER'S REPORT**

Todd Hight, Director of Finance, presented the Treasurer's Report; the Comparison of Actual Expenses to the Budget dated May 31, 2018, Statement of Net Position dated May 31, 2018, the Statement of Net Position dated May 31, 2018 and the Statement of Revenues, Expenses and Changes in Net Position for the eleven months ending May 31, 2018. It was moved by Commissioner Dykstra and seconded by Commissioner Hohn that the Treasurer's Report be accepted as presented.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

## **V. EXECUTIVE DIRECTOR'S REPORT**

Executive Director Lauseng thanked the Board of Commissioners for attending the meeting and tours on August 1-2, 2018. He mentioned the Board of Commissioners will tour a new design Governor's House at the Springfield Correctional Facility. Executive Director Lauseng stated the Governor's House will be on display at the Sioux Empire Fair, Brown County Fair, Central States Fair and the South Dakota State Fair. He mentioned the Annual Conference is October 30-31, 2018. Executive Director Lauseng stated Housing Tax Credit, HOME, Housing Trust Fund and Housing Opportunity Fund applications are due August 31, 2018. He said the Copper Pass Ribbon cutting is September 19, 2018 at 4:00 p.m.

## **VI. PROGRAM REPORTS**

The Program Reports were given by Directors and discussed with the Board.

## **VII. OLD BUSINESS**

### **A. Resolution No. 18-08-33: Resolution to Amend Deposit and Investment Policy**

After review and discussion, it was moved by Commissioner Erickson and seconded by Commissioner Hohn that the above Resolution be adopted as follows:

WHEREAS, it is the intent of South Dakota Housing Development Authority to manage Authority deposits and investments in a manner that minimizes risk and provides investment returns at market rate yields; and

WHEREAS, the Board of Commissioners desires to establish formal policies under which deposit and investment activity is managed;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the amended Deposit and Investment Policy dated August 1, 2018, which by this reference is hereby made a part of this Resolution.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

### **B. Resolution No. 18-08-34: Resolution to Repeal By-Laws**

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Hansen that the above Resolution be adopted as follows:

WHEREAS, the Board of Commissioners of the South Dakota Housing Development Authority previously adopted By-Laws governing various activities of the Authority; and

WHEREAS, the Board has determined that the majority of provisions included in the By-Laws are covered by SDCL Chapter 11-11, the Authority's governing statute, and the remainder of the provisions are unnecessary;

NOW, THEREFORE, BE IT RESOLVED that the By-Laws of the South Dakota Housing Development Authority are hereby repealed.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**C. Resolution No. 18-08-35: Resolution to Amend HOME and Housing Trust Fund Funds for Thokahe Wichothi (First Camp)**

After review and discussion, it was moved by Commissioner Hansen and seconded by Commissioner Puetz that the above Resolution be adopted as follows:

WHEREAS, per Resolution No. 16-11-79, a Reservation in the amount of \$1,095,267 of HOME and \$600,000 of Housing Trust Fund (HTF) funds was previously awarded to the following Applicant;

WHEREAS, per Resolution No. 17-04-16, HOME and HTF funds were previously committed to the following Applicant; and

WHEREAS, SDHDA and the Applicant desire to amend the amounts of the previously committed HOME and HTF funds;

NOW, THEREFORE, BE IT RESOLVED that the commitment authorization set forth in Resolution No. 17-04-16 is amended as follows, and the Executive Director be authorized to commit HOME and HTF Funds as follows:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOME FUNDS GENERAL POOL</u>
Cheyenne River Housing Authority	Thokahe Wichothi (First Camp) Eagle Butte, SD	\$906,567
		<u>HOUSING TRUST FUNDS</u> \$788,700

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**D. Resolution No. 18-08-36: Resolution to Amend Preliminary Approval to the Bond Issuance Amount for Whittier Apartments**

After review and discussion, it was moved by Commissioner Puetz and seconded by Commissioner Dykstra that the above Resolution be adopted as follows:

WHEREAS, in response to a request by Steele Properties, LLC (the "Sponsor"), the Board granted, per Resolution No. 18-06-31, preliminary

approval to issue revenue bonds (the "Bonds") in an amount not to exceed \$10,010,000 for Whittier Apartments; and

WHEREAS, due to the potential for additional costs, expenses and fees, the Sponsor has requested that the amount of the Bonds for which preliminary approval has been granted be increased to an amount not to exceed \$13,000,000;

NOW, THEREFORE, BE IT RESOLVED that Resolution No. 18-06-31 is amended to provide that the amount of the Bonds for which preliminary approval is granted is an amount not to exceed \$13,000,000.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**E. Resolution No. 18-08-37: Resolution to Commit Additional HOME and Housing Trust Fund Funds for Majestic Ridge Apartments**

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Hansen that the above Resolution be adopted as follows:

WHEREAS, per Resolution No. 17-11-81, a Reservation in the amount of \$1,000,000 was previously awarded to the following HOME Applicant;

WHEREAS, per Resolution No. 18-04-25, HOME funds were previously committed for the project; and

WHEREAS, due to increased project costs the Applicant has requested additional HOME funds in the amount of \$128,000 and Housing Trust Fund funds in the amount of 368,800;

NOW, THEREFORE, BE IT RESOLVED that, the commitment authorization set forth in Resolution No. 18-04-25 is amended as follows, and the Executive Director be authorized to commit HOME and HTF Funds accordingly:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>HOME FUNDS</u>
Majestic Ridge Limited Partnership	Majestic Ridge Apartments	GENERAL POOL
	Sioux Falls, SD	\$1,128,000
		<u>HOUSING</u>
		<u>TRUST FUNDS</u>
		\$368,800

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**F. Resolution No. 18-08-38: Resolution to Commit Additional HOME and Housing Trust Fund Funds for Yankton Heights II Apartments**

After review and discussion, it was moved by Commissioner Hohn and seconded by Commissioner Erickson that the above Resolution be adopted as follows:

WHEREAS, per Resolution No. 17-11-90, a Reservation in the amount of \$622,955 was previously awarded to the following HOME Applicant;

WHEREAS, per Resolution No. 18-04-27, HOME funds were previously committed for the project; and

WHEREAS, due to increased project costs the Applicant has requested additional HOME funds in the amount of \$75,000 and Housing Trust Fund funds in the amount of \$174,400;

NOW, THEREFORE, BE IT RESOLVED that, the commitment authorization set forth in Resolution No. 18-04-27 is amended as follows, and the Executive Director be authorized to commit HOME and HTF Funds as follows:

<u>HOME FUNDS</u>	<u>DEVELOPMENT NAME</u>	<u>GENERAL POOL</u>
<u>OWNER/APPLICANT</u>		
Yankton Heights II	Yankton Heights II	\$697,955
Partnership Limited	Apartments	
	Yankton, SD	
		<u>HOUSING</u>
		<u>TRUST FUNDS</u>
		\$174,400

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**VIII. NEW BUSINESS**

**A. Resolution No. 18-08-39: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Madison Housing and Redevelopment Authority**

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Hohn that the above Resolution be adopted as follows:

WHEREAS, the following HOME Program application was received for the Security Deposit Assistance Program (SDAP) set-aside; and

WHEREAS, the required documentation has been reviewed and evaluated, and the Applicant has agreed to comply with all HOME requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a conditional commitment of HOME funds from the SDAP set-aside for the following:

<u>APPLICANT</u>	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u>
Madison Housing and Redevelopment Authority	\$15,000

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**B. Resolution No. 18-08-40: Resolution to Commit Sustainable Housing Incentive Program Funds for Southeastern Behavioral HealthCare**

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Puetz that the above Resolution be adopted as follows:

WHEREAS, the following Sustainable Housing Incentive Program application was submitted by Southeastern Behavioral HealthCare (Applicant); and

WHEREAS, the required documentation has been reviewed and evaluated, and the Applicant has agreed to comply with all program requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a commitment of Sustainable Housing Incentive Program funds for the following:

APPLICANT  
Southeastern Behavioral  
HealthCare, Sioux Falls

SUSTAINABLE HOUSING  
INCENTIVE PROGRAM  
AMOUNT  
\$260,150

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**C. Resolution No. 18-08-41: Resolution to Approve the Income Averaging Option for Certain Housing Tax Credit Projects**

After review and discussion, it was moved by Commissioner Hansen and seconded by Commissioner Dykstra that the above Resolution be adopted as follows:

WHEREAS, the Consolidated Appropriations Act of 2018 (the Act) permanently established income averaging as a third minimum set-aside election for Housing Tax Credit projects;

WHEREAS, the Act allows Housing Tax Credit qualified units to serve households up to 80 percent of the Area Median Income (AMI), so long as the average income and rent limits of the project are 60 percent or less of the AMI;

WHEREAS, the Act allows income averaging for buildings that have not filed an IRS Form 8609;

WHEREAS, the use of income averaging in order to lease units to tenants up to 80 percent of AMI would be a significant benefit to tenants and the project; and

WHEREAS, the following projects have submitted an application to SDHDA to utilize income averaging and SDHDA has reviewed the applications;

Brandon Heights II Limited Partnership  
Brandon Heights II Apartments, Brandon  
Chasing Willows II Limited Partnership  
Chasing Willows II Apartments, Sioux Falls  
Clear Spring Apartments, LP  
Clear Spring Apartments, Spearfish  
Cleveland Center Apartments Limited Partnership  
Cleveland Center Apartments, Sioux Falls  
Copper Pass Limited Partnership  
Copper Pass Apartments, Sioux Falls



Glory House Apartments Limited Partnership  
Glory House Apartments, Sioux Falls  
Horizon Place Apartments Limited Partnership  
Horizon Place Apartments, Sioux Falls  
Huron Jefferson Village Apartments, LLC  
Jefferson Village Apartments, Huron  
Northern Lights Limited Partnership  
Northern Lights Apartments, Box Elder  
Majestic Ridge Limited Partnership  
Majestic Ridge Apartments, Sioux Falls  
Trinity Point Apartments Limited Partnership  
Trinity Point Apartments, Sioux Falls  
Whiting Court Limited Partnership  
Whiting Court Apartments, Yankton  
Yankton Heights II Limited Partnership  
Yankton Heights II Apartments, Yankton

NOW, THEREFORE, BE IT RESOLVED that the listed projects be authorized to utilize income averaging for up to 20 percent of their units in their respective project and to lease to tenants whose incomes are 80 percent or less of the AMI; and

BE IT FURTHER RESOLVED that the rent limits for units leased to tenants whose incomes are up to 80 percent of the AMI shall remain at the current established rent limit of 60 percent of the AMI or less and that all other governance provisions applicable to the projects shall remain in effect.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**D. Resolution No. 18-08-42: Resolution to Approve Transfer of Ownership and Assumption of HOME Loan for Estes Park**

After review and discussion, it was moved by Commissioner Puetz and seconded by Commissioner Hohn that the above Resolution be adopted as follows:

WHEREAS, the South Dakota Housing Development Authority (SDHDA) previously made a loan under the HOME Investment Partnership Program to Estes Park Limited Partnership, a limited partnership formed under the laws of the State of South Dakota, for Estes Park located in Rapid City, South Dakota;

WHEREAS, the HOME loan is secured by a Mortgage and Security Agreement;

WHEREAS, the property is subject to a Regulatory Agreement covering certain requirements and restrictions under the HOME Program;

WHEREAS, the owner proposes to sell its interest in Estes Park to Sheridan Properties, LLC, an unrelated South Dakota limited liability company;

WHEREAS, the owner and proposed purchaser have met SDHDA's criteria for transfer of ownership and assumption of the Mortgage Note and related Mortgage and Security Agreement; and

WHEREAS, Sheridan Properties, LLC has agreed to enter into a Regulatory Agreement with respect to the ongoing requirements under the HOME Program;

NOW, THEREFORE, BE IT RESOLVED, that the transfer of ownership of Estes Park from Estes Park Limited Partnership to Sheridan Properties, LLC and the assumption of the Mortgage Note and Security Agreement by Sheridan Properties, LLC is approved, contingent upon HUD's final approval of the transfer.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**E. Resolution No. 18-08-43: Resolution to Approve the Fiscal Year 2019 Budget**

After review and discussion, it was moved by Commissioner Hohn and seconded by Commissioner Dykstra that the above Resolution be adopted as follows:

WHEREAS, the Board has reviewed the proposed fiscal year 2019 budget as presented;

NOW, THEREFORE, BE IT RESOLVED that the proposed budget for fiscal year 2019 is hereby adopted.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**F. Resolution No. 18-08-44: Resolution to Approve the Election of Officers for Fiscal Year 2019**

After review and discussion, it was moved by Commissioner Hohn and seconded by Commissioner Erickson that nominations cease and the above Resolution be adopted as follows:

BE IT HEREBY RESOLVED that the officers of South Dakota Housing Development Authority Board of Commissioners for fiscal year 2019 are as follows:

Chairman – David Pummel  
Vice-Chair – Brent Dykstra  
Secretary – Mark Lauseng (SDCL 11-11-12)  
Treasurer – Bill Hansen  
Assistant Treasurer – Todd Hight

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**G. Resolution No. 18-08-45: Resolution to Approve the Homeownership Education Resource Organization (HERO) Funding**

After review and discussion, it was moved by Commissioner Puetz and seconded by Commissioner Dykstra that the above Resolution be adopted as amended:

WHEREAS, HERO is an affiliate created and supported by South Dakota Housing Development Authority (SDHDA) as a independent 501(c)(3);

WHEREAS, BE IT KNOWN that the cost of providing education and counseling services in South Dakota is projected at \$790,840 for the fiscal year 2019; and

WHEREAS, HERO continuance is dependent upon the financial support of SDHDA;

NOW, THEREFORE, BE IT RESOLVED that during fiscal year 2019, SDHDA shall financially support HERO up to \$353,850 for the purpose of providing homebuyer and rental education in South Dakota.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**H. Resolution No. 18-08-46: Resolution to Establish Regular Monthly Meeting Date of Board of Commissioners**

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Hansen that the above Resolution be adopted as amended:

WHEREAS, the Board of Commissioners has determined that it would be in the best interest of the Board and the public to establish a regular monthly meeting date;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners shall hold a meeting on the third Tuesday of every month beginning at 10:00 o'clock a.m.;

BE IT FURTHER RESOLVED that the date and time of any regular monthly meeting may be changed if necessary for the convenience of the Commissioners or of the public;

BE IT FURTHER RESOLVED that the Executive Director may determine not to hold any regular monthly meeting if there is no business to come before the Board of Commissioners at that time;

BE IT FURTHER RESOLVED that additional meetings of the Authority may be held as determined necessary by the Executive Director or the Board of Commissioners; and

BE IT FURTHER RESOLVED that notice of regular and special meetings shall continue to be posted in accordance with the public notice provisions of South Dakota law.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

**IX. DATE OF NEXT MEETING AND ADJOURNMENT**

The next Board of Commissioners' Meeting has not been scheduled. It was moved by Commissioner Puetz and seconded by Commissioner Hohn that the meeting adjourn. The meeting adjourned at 2:04 p.m.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Pummel; Commissioners Dykstra, Erickson, Hansen, Hohn and Puetz.

Excused: Commissioner Kolbeck.

Respectfully submitted,

Mark Lauseng  
Secretary